



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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PENSION ROLLBACK CASE MOVES FORWARD

San Diego, CA: Superior Court Judge Jeffrey B. Barton today granted City Attorney Michael Aguirre a motion to consolidate two pension rollback cases into one. Judge Barton also struck down the statute of limitations argument made by Ann Smith, the attorney for the Municipal Employee Association, including Smith's claim that a prior pension lawsuit filed by retiree James Gleason had already resolved these issues.

"This is a victory for taxpayers of the City of San Diego," said Executive Assistant City Attorney Don McGrath. "We hope to be in the courtroom by summer and successfully litigate this case which will result in substantial reduction of the \$2 billion pension deficit by \$500 million."

The two cases, brought last spring by City Attorney Aguirre, seek to void pension benefits granted under the 1996 City Manager's Proposal 1 and 2002 City Manager's Proposal 2 because they were obtained illegally under State Government Code Section 1090. Section 1090 prohibits officials from voting on matters where they have a conflict of interest, in this case certain pension board members stood to personally profit from enhanced pension benefits as a result of their votes.

Aguirre maintains that due to the conflict, the votes allowing the City to under fund the pension in exchange for increased benefits are null and void. If upheld, the unfunded liability of the pension system will be reduced by approximately \$500 million.

In a related criminal case, Judge Frederic Linc today ruled that six former City pension board members must stand trial on a felony conflict-of-interest charge brought by District Attorney Bonnie Dumanis regarding the underfunding of the City employees retirement system.

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